

**GASB 45  
(GOVERNMENTAL ACCOUNTING STANDARD BOARD)  
COMMITTEE**

**SUB-COMMITTEE OF FINANCE COMMITTEE**

A **Meeting** of the GASB 45 Committee, Sub-Committee of the **COMMITTEE ON FINANCE**, was held on **Monday March 28, 2011**, at **5:07 P.M.** in the Council Office, Berkeley County Administration Building, 1003 Highway 52, Moncks Corner, South Carolina.

**PRESENT:** Chairman Council Member Phillip Farley, Council Member Dennis Fish, Human Resources Director Leonitta Turner, Human Resources Compensation Benefits Specialist Denise Mitchum, Finance Accountant Jennifer Hinson, BCW&S Director of Administration Angela Pinson.

**ABSENT:** Deputy Supervisor and Finance Director Kace Smith.

**CALL TO ORDER**

Chairman P. Farley: "I'd like to call the meeting of the GASB 45 Sub-Committee to order. At this time we only have one item on our agenda and probably a lot of questions."

**A. Discussion of GASB Statement No. 45:** Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions

Chairman P. Farley: "First question that I have is how do we get to the bottom line number for our liability? And that liability, what should it include? What is the formula based on and how do we get to it? I think that Kace said that we were at 3.1 Mil."

Committee Member J. Hinson: "Right and that's in that report, the Actuarial Report that Michael Blackburn did and it's, there are actuarial assumptions that are outlined in that; that's based on current employees, their years of service and based on any future, I don't know, turnovers and replacements, and I think all that was factored in the figures. But what we have in the 3.1 is the two years of liabilities since it was or had become effective that we started accounting for it."

Chairman P. Farley: "We are recording this coming year, our third year?"

Committee Member J. Hinson: "Yes."

Chairman P. Farley: "Correct. I guess how many employees have we had retire in the last... if we're only going back three years....Here comes Mr. Fish..."

Committee Member D. Mitchum: "Well maybe I can shed a little light here. Current retirees we have that have been taking full advantage of our health care plan. Right now as of

today we have 57 people and then we also have another 27 that have taken advantage of partial benefits. Some of those may just be like a dental or a vision.”

Committee Member A. Pinson: “And that’s 27?”

Committee Member D. Mitchum: “27 yes. Also we have working for us right now we have 80 working retirees that are classified that way by the South Carolina Retirement System and we have another 117 that within the next 12 months could retire if they say; they wish. They’re meeting either their 25 years of their force or their 28 yrs if they’re SCRS. The monthly premium cost that we pay into these folks, the ones that are already on retirement, let’s see here...Well I think Nitta figured in everybody that was eligible to retire plus those that are already retired. Monthly premium cost to us would be \$11,378.96. That’s to take care of those that are already retired as well as those who are working retirees.”

Chairman P. Farley: “Are those the ones that already retired?”

Committee Member D. Mitchum: “Yes sir.”

Chairman P. Farley: “That’s the 57.”

Committee Member D. Mitchum: “Yes sir. Well the 57 that takes advantage of the full benefits and we have 27 that take advantage of partial benefits.”

Chairman P. Farley: “That’s included in the \$11,300?”

Committee Member D. Mitchum: “Yes sir.”

Chairman P. Farley: “You have 80 that can retire?”

Committee Member D. Mitchum: “We have 80 that actually have already retired.”

Chairman P. Farley: “And have come back to work.”

Committee Member D. Mitchum: “Yes sir.”

Chairman P. Farley: “Those 80, is the County paying their insurance?”

Committee Member D. Mitchum: “Well, some of this is out of our hands right now. Being that we’re with the State Health Insurance they require us under a contract that we established with them back in the early 90’s. They require us to count those people that are working retirees as active employees so we’re actually giving them a greater benefit than they would receive if they were just a retiree.”

Committee Member J. Hinson: “They are getting single coverage it’s free like every other employee, correct?”

Committee Member D. Mitchum: "Well not free for everybody. Remember we went to the formula?"

Committee Member J. Hinson: "But I mean if they have the standard, say they took the Standard Plan as a single employee it would be paid at 100% as a County employee."

Committee Member D. Mitchum: "Yes. And that really is not a choice. We can choose as long as we're not with the State, they require us to do it that way. If we were in a different plan aside from the State then we could customize and do more of what would be best for Berkeley County."

Committee Member J. Hinson: "We also have that other group that have already retired but aren't participating. But at any point they could come and say I want to be on this \$175 insurance coverage. You know get the benefit, the retiree benefit. We have to keep it open to them indefinitely."

Committee Member D. Mitchum: "Well we have to keep, as long as we're with the State, we have to keep the option for them to participate but we do not have to fund any of it. Once every five, we don't have to fund. Now last year before Carol Huckleberry left we sent a mass letter out to all retirees. We kind of explained to them that if they would like to remain with us or to come with us on our plan then if they met the criteria of 10 years of consecutive service that they could be eligible for the \$175 stipend and we asked them to give us a response..."

Chairman P. Farley: "Let me see who this is please...excuse me...(telephone call) I'm sorry."

Committee Member D. Mitchum: "Oh no that's ok. So, we sent a letter out and we asked them even if they were not interested to please check the box, I'm not interested, and send the letter back to us. So we have a pretty good...the numbers that we just spoke about a few minutes ago should be accurate as far as what we have currently. Now they could jump on our plan at any time if they meet certain criteria that the State gets up."

Chairman P. Farley: "If they continue the service they can jump on our plan? What are the criteria that the State sets up?"

Committee Member D. Mitchum: "Well the States actually a little less strenuous they give you five years of service if you're of a certain age. So you actually could come back on but we don't have to pay any of the portion of it...let's see..."

Committee Member J. Hinson: "And the liability, Phillip, rests on that \$175 for current people that are on there as well as your current employees based on their potential retirement date. They're saying we need to put aside the money to fund all of your current employees..."

Committee Member A. Pinson: "Just in case."

Committee Member J. Hinson: "Just in case, exactly."

(Ms. Leonitta Turner enters the meeting @5:15pm)

Committee Member D. Mitchum: "And what if of course you come up with some policy that says effective this particular date we'll no longer do this. Nitta and I did actually come up with some ideas on maybe a possible way we could structure something. The first groups of people are the people who have already retired and we said well if they meet the two consecutive years and they're not Medicare eligible; once they are Medicare eligible they would come off of our plan. But let's say those two things happen then we would continue to give our current retirees the \$175 a month stipend. The second group was people that were hired prior to a certain date. Now we just picked a date. It doesn't have to be that date, it could be any date. But the date we have looked at was active employees that were hired prior to June 30, 2001 would be eligible to participate in our health care plan and to receive a percentage of the cost for employee only coverage per month to offset their health care and the criteria to meet that would be again, they are not Medicare eligible, they do not obtain full time employment with another entity offering health insurance. They have worked for us at least 10 plus years and they have at least 15 or more years of earned service in the State Retirement System that's the second tier. The third tier would be persons employed with us between July 1, 2001 to June 30<sup>th</sup> of this year; they would receive a reduced percentage of the cost of employee only coverage per month to offset the cost of their health care and their criteria would be....again not Medicare eligible, not getting full time employment with another entity. They had to have worked full time for us, Berkeley County Government, for 15 plus years consecutively and they have to have at least 15 years of earned service in SCRS. Now, we did throw something in for those people that may have a lot of years of service in retirement but and may not plan on staying with Berkeley County the 15 years. We would allow them to come on the plan but we wouldn't subsidize it at all. And then the last group, we would identify people that come on to work for us effective June 30<sup>th</sup> of this year; they would not be eligible to participate in our retirement health plan. Now the only way we can enforce the last thing is if we're not with the State otherwise the State's gonna make us take whoever would like to come on the plan if they meet the State's criteria, which is more lenient than ours. So really it kind of boils down to I think where do you draw the line. Where do you draw the line in the sand and say as of this time, this period in time, if you don't meet these certain criteria we're not going to pay anything."

Committee Member J. Hinson: "That's the bottom line."

Committee Member D. Mitchum: "Or anything for that matter."

Committee Member J. Hinson: "Or any funding."

Committee Member D. Mitchum: "Then if we left the State as we've talked about doing at least looking out there to see what else is available then we would have an option to actually separate the retirees from active employees and we could do something completely different as far as how we handle retirees. We could set up in some cases, we could look at options to set up

a health reimbursement account, health savings account or do nothing. I mean we could absolutely say effective immediately there will be no new retiree insurance that's funded through us."

Chairman P. Farley: "I may get you to briefly go over that again with Dennis here."

(Mr. Dennis Fish enters the meeting @5:20pm)

Committee Member D. Mitchum: "Good to see ya."

Chairman P. Farley: "We've just been chatting for ten minutes and trying to ask everything and questions that we have right now the...we have currently 57 retirees, we've got 27 partial with partial benefits. We got 80 that are working retirees."

Committee Member D. Mitchum: "Working retirees. They have already retired as far as the State Retirement System is concerned but they're still active employees."

Chairman P. Farley: "And our amount every month is \$11,378 to fund the \$175 plus..."

Committee Member D. Fish: "You got that written down here somewhere?"

Chairman P. Farley: "Pardon?"

Committee Member D. Fish: "You got that written down?"

Chairman P. Farley: "No I'll get it."

Committee Member D. Fish: "\$11,000 what?"

Chairman P. Farley: "\$11,378 is that correct?"

Committee Member L. Turner: "And that's to actually fund that like 85 people, the working retirees and those that are eligible to rehire. Those that are eligible to retire, we fund those as regular active employee and that costs even more."

Committee Member D. Mitchum: "Yes and we were talking about that too. Because under the State, Mr. Fish, we have to...the working retirees we have to treat them as active employees for their purposes when our contract was written back in the 90's so we can't...as long as we are with the State Health Plan we cannot make them take retiree health insurance. They have to be on our active employee insurance."

Committee Member D. Fish: "How can we change that? Can it be changed?"

Committee Member D. Mitchum: "I don't think it can with the State. They are not very flexible."

Committee Member D. Fish: "Ok."

Committee Member D. Mitchum: "That was one of the reasons we had talked about looking outside of the State for health insurance for our employees."

Committee Member D. Fish: "How many employees are retired you said?"

Committee Member L. Turner: "We have 80 that are working retirees and we have 117 that are eligible to retire in the next year."

Committee Member A. Pinson: "And that doesn't include Water and Sanitation numbers does it?"

Committee Member L. Turner: "No it doesn't."

Committee Member A. Pinson: "Water and Sanitation we have 3 working retirees and we have 39 that are eligible to retire and we only have 9 that are receiving full benefits as retirees."

Committee Member D. Mitchum: "And 39 that are...."

Committee Member A. Pinson: "...That are eligible."

Committee Member L. Turner: "And one thing that we could change or control Mr. Fish....and I'm sure...I just came in too....is the \$175. That's the one thing we can control."

Committee Member J. Hinson: "And that's the basis of the liability."

Chairman P. Farley: "But that doesn't go for all employees that's the....future..."

Committee Member D. Fish: "And I'm not sure...I got another class scheduled for GASB 45 but how far in the future are we responsible? When does the liability start and stop?"

Committee Member L. Turner: "It doesn't. We decide that."

Committee Member D. Fish: "So day one is considered...."

Committee Member D. Mitchum: "Unless we tell them otherwise."

Committee Member D. Fish: "Do we know....or we might want to ask the question... How many employees have retired in the last 20 years? I'm of the opinion; we got 800 and something employees now?"

Committee Member L. Turner: "851 that are eligible for benefits."

Committee Member D. Fish: "How many are actually retired from the County? Over the last 20 years how many actually get a full retirement with the County?"

Committee Member L. Turner: "I did not look at that. I can find that out for you."

Committee Member D. Fish: "I'm kind of curious you know... the way that it reads to me personally is phony liability. Because most of...out of 800 people I would like to know what the percentage is that actually reach retirement or retire."

Committee Member L. Turner: "And I think we can go back, we can only go back from when they actually...like 1990 when they input the IFAS System so I will give you, I'll give you whatever."

Committee Member D. Fish: "Ok 20 or whatever, I'd like to have a feel for how many employees we have and how many actually reach and what percentage actually reach retirement."

Committee Member D. Mitchum: "SCRS would have all that."

Committee Member D. Fish: "That might be a way we can limit our liability."

Committee Member J. Hinson: "Well I'll have to find out too if they take that into account in the evaluation because I think there are some assumptions that are taken in the computation of the liability."

Committee Member D. Fish: "But all we have is assumptions."

Committee Member J. Hinson: "Right."

Committee Member L. Turner: "But I know it must be a large number Mr. Fish because one of the things we have shared right now is we have 80 working retirees and we have 117 individuals that are eligible to retire at the end of next year. So if you add those two numbers that is more than 25% of all employees that we have."

Chairman P. Farley: "Let me ask you a question. When an employee retires and is rehired, do they accrue their annual leave at the low new employee rate or at the high rate they retired?"

Committee Member L. Turner: "At the high rate in which they retired."

Chairman P. Farley: "Why?"

Committee Member L. Turner: "We're just in that shape. That's one of the things I'm working on, I'll be presenting to Council, why... we're working on that."

Chairman P. Farley: "They sell ten weeks back and I mean I know three retirees, one's got 400 on the books, one's got 600 and one's got 700 and this is after they've already folded their 400 hours back..."

Committee Member L. Turner: "That's correct."

Chairman P. Farley: "...and they come back to work, their getting a retirement check, they are rehired as a new hire and they've retained all of their leave?"

Committee Member L. Turner: "Unless they come back ...if it's more than 90 days but if they come back 90 days or less they are retaining their leave at this point that is correct."

Chairman P. Farley: "Alright. What's the County's policy on maximum leave? Personal leave? Right now there is no cap on their leave that's also something we're looking at. I've been working a draft leave policy along with a draft retiree policy and account policy and that's one of the things in that leave policy that's a concern; looking at having a cap. Now if you work for the maximum amount we give out....if you work for 25 years or more you'll need 33 days because there is no cap on those days. Where the cap comes is if you actually decide to retire we don't pay off all that leave, you will lose it. We only pay you out 100% for a certain portion..."

Chairman P. Farley: "And then 50%....

Committee Member L. Turner: "50% percent....and then 25."

Chairman P. Farley: "And then 25%."

Committee Member L. Turner: "Right."

Chairman P. Farley: "And then anything over that you lose."

Committee Member L. Turner: "You lose."

Chairman P. Farley: "Ok. In our personnel manual I was reading that an employee can take 15 days a year?"

Committee Member L. Turner: "They can take 15 days a year without it being considered disciplinary ext...They can take more if their supervisor or department head approves it."

Chairman P. Farley: "In other words a supervisor cannot approve...they can get 7 1/2 weeks a year?"

Committee Member L. Turner: "They could get 7 1/2 weeks a year."

Chairman P. Farley: "Somebody with 28 years and their supervisor says nope you can't take but 3 1/2 or 3 weeks."



Committee Member L. Turner: "Right."

Committee Member A. Pinson: "Supervisor can say that."

Chairman P. Farley: "So that other 4 ½ weeks goes into a..."

Committee Member L. Turner: "If you count the cumulative."

Chairman P. Farley: "It's a carryover but if they've got 700 hours..."

Committee Member L. Turner: "Right."

Chairman P. Farley: "I mean I've never ever heard of a liberal leave policy like that, period. I mean 10.8 hours per pay period..."

Committee Member D. Mitchum: "Well, yes sir and some of us were not here when they changed it but if I remember correctly, because I was at Water and Sanitation right about that time, they put all the sick and the annual into a joint... it went to one bank."

Chairman P. Farley: "That's right you used to get bereavement you don't get...it goes into the personal leave now."

Committee Member D. Mitchum: "That's correct. You're absolutely right."

Committee Member J. Hinson: "And they took a portion..."

Chairman P. Farley: "In other words if somebody dies, you got to take 3 days personal leave or 5 days or whatever."

Committee Member J. Hinson: "And there's not separate...sick and personal together."

Committee Member L. Turner: "And I think the number of days that we have, the reason it seems very high is because one of the things that we didn't do when we were looking at some of the other Counties is put a cap on it. When you look at the number of days that other Counties might have with the sick and personal days and their bereavement because they have the separate days then it's not as high. But of course the sick generally they don't allow them, you know, to have any buying out. But as part of everything we are looking at that's one of the things we looked at. We're totally in agreement with you that policy is liberal and we're looking at ways to be able to bring that under control as well."

Chairman P. Farley: "Because that in essence has an effect on GASB over a period of time."

Committee Member D. Mitchum: "That's money we'd have to pay out somewhere."

Chairman P. Farley: "That's correct. When somebody told me that they were rehired and they retained their 700 hours I just...you know, I said no that's wrong you can't do that."

Committee Member L. Turner: "They don't retain the 700 hours. They start again but at the same cumulative rate. They wouldn't have retained 700 hours."

Chairman P. Farley: "Oh no, no. These people have retained, I think they retained their hours. When they retired they did not go to zero on their hours of leave."

Committee Member L. Turner: "There's regular retirees in that too."

Chairman P. Farley: "They were rehired, rehired back, they didn't go to zero which if they sell 10 weeks I think that should probably wipe their leave bank out and restart back over at the 10.8 hours is what you're saying. They started back at the high rate again because they had over 25 years and I don't think they wiped the slate clean."

Committee Member L. Turner: "Some people are paying from their leave bank...and we've got two different types of TERI. The regular retirees and then we have the TERI retirees. When they become regular retirees then their leave bank, once we pay them off their leave bank, their leave bank starts over....I guess it depends on when this person came. Their leave bank starts over but it still starts at the high accruing rate."

Committee Member A. Pinson: "But it starts at zero."

Committee Member L. Turner: "It starts at zero...."

Committee Member A. Pinson: "...but at a higher rate?"

Committee Member L. Turner: "Right."

Committee Member D. Fish: "Higher faster."

Committee Member L. Turner: "But then if they were the TERI retirees they don't lose their leave and it still accrues at a higher rate and they still have..."

Committee Member D. Mitchum: "But now they do pay at the end of TERI. It used to be they paid at the beginning of TERI up until July 1, 2005 and then they said well instead of you wiping your slate clean at the beginning of TERI we'll now let you carry it until the end of TERI which can be up to five years."

Committee Member D. Fish: "Out of curiosity when do we hire these people back that retire; the day after? Why do we do that?"

Chairman P. Farley: "I don't know."

Committee Member D. Fish: "Have you got an answer for that?"

Committee Member L. Turner: "I just think it was practiced. You kind of missed some of the suggestions that we brought up as far as looking at the retiree policy in looking at perhaps not rehiring retirees at all or putting them on contract or limiting them to one year. That's part of this whole policy thing we're looking at and I think the reason why they originally probably rehired them is because they felt....a lot of department managers feel that they're easier or they can't tell their employees no. So that's why Human Resources is looking at a policy to help make it easier for managers to manage."

Committee Member A. Pinson: "I think it's easier too to bring the retiree back and then keep them on maybe help train the new person that might be coming in...I don't know...(inaudible)"

Chairman P. Farley: "Right now GASB 45 covers just medical."

Committee Member D. Mitchum: "Well the amount of money that we have yes sir it would pay a portion of the medical but if we say those partial folks, the 27 or so that don't take advantage of the full \$175 some of those have opted just to get dental so we have allowed them to take the reduced benefit. Which that's all they're asking for is dental and then that saves us some money too so we don't have to supply the \$175. We just supply the \$20 or so dollars a month for the dental."

Committee Member D. Fish: "The employees when they retire retain the same Blue Cross?"

Committee Member D. Mitchum: "Well..."

Chairman P. Farley: "Yes."

Committee Member D. Mitchum: "They can pick...if they don't want the Blue Cross they can also pick Blue Choice or Cigna."

Committee Member D. Fish: "And all we contribute is \$175 a month towards..."

Committee Member D. Mitchum: "Whichever plan they like."

Committee Member D. Fish: "Equal difference."

Committee Member D. Mitchum: "Yes sir."

Chairman P. Farley: "But it's in that group of the ones we have to pick from?"

Committee Member D. Fish: "Yeah."

Chairman P. Farley: "I think about four years ago or might have been a little longer now because we were writing them a check for \$175 and...."

Committee Member D. Fish: "...and they could do whatever they wanted to with it."

Chairman P. Farley: "And they could buy whatever supplemental they wanted to with that and then too whatever they wanted to put in. And a lot of people were staying on with their wife's, schoolteachers and things like this and their portion was \$200 a month. But their wives would pay their insurance so that \$175 they ended up with a \$25 dollar insurance then we forced into us. They need to make a choice. Their wives would stay with their insurance that she has..."

Committee Member D. Fish: "Do we bill them on a monthly basis or it comes out of retirement pay?"

Committee Member D. Mitchum: "They do, they do a draft every month. We have about three people that we had worked something out where we make them come in and make a payment. But we draft it out the 10<sup>th</sup> of every month."

Committee Member D. Fish: "Because I'm concerned about what that liability consists of. Is it, you know, some companies I think includes retirement benefits for the company's included retirement but there....(asking for water)....that's why a lot of companies have done away with that."

Chairman P. Farley: "I don't think the federal government would allow us to do away with it... that's the problem."

Committee Member A. Pinson: "With the \$175?"

Committee Member D. Fish: "Well with the..."

Chairman P. Farley: "If we start something we cannot change it is that the way I'm reading it?"

Committee Member J. Hinson: "No I think you can. It's up to Council whether they continue to fund it. That's not mandated by anybody that's was just a gift, if you want to say gift..."

Committee Member L. Turner: "It's a benefit that we decided to provide..."

Committee Member J. Hinson: "Benefit that the County decided to provide..."

Committee Member L. Turner: "And the policy manual even makes it clear it says if funding is available."

Committee Member D. Mitchum: "Think back to ten, fifteen, twenty years ago it was an improvement to them. Government couldn't keep up competitively with pay so they said let's look what else we can offer retirement, health insurance, paid holidays... so that's kind of where it comes from."

Chairman P. Farley: "Well some of the things that I've been reading online is that First of all is the public feels like they should not have to contribute to County employment benefits through their taxes."

Committee Member D. Mitchum: "Well I agree things want to be more transparent they want to know what we're doing with the tax dollars and I completely agree with that."

(Inaudible)

Chairman P. Farley: "You know it's a hard sell especially if the public comes out and says well ya'll using x number of dollars to pay for these benefits. Why didn't ya'll take this out of their pay? I'm just saying this is some of the things that their... some of the questions that are being asked. I'm talking about online and things like that. I've been doing some research on that but..."

Committee Member D. Fish: "Let's incorporate what's happened, I understand with the two years ago and your right but the today's environment the government sector makes more than the private sector in most cases everywhere. It used to be government was underpaid but that's not true anymore and you're seeing some of the benefits, I've been reading the newspaper too and some of these school districts, cities and stuff, they're out of hand totally. I don't know if we are yet in comparison. I deal with the clients that I work with don't have near the liberal policy, Trident Industries does not have and that's a major, major corporation. I've been thinking personally, we don't need to offer all that at all."

Chairman P. Farley: "That's why I feel like the 10.8 hours per pay period is just really strong."

Committee Member D. Fish: "If they retire. They should retire period. I don't think it's fair to bring them back, there's enough people out there. If a manager is decent they know they are going to lose somebody then start the training period with somebody before they leave. I think that's a cop-out. I like to see if we can get a policy that we don't hire. You retire; you retire... you're gone."

Committee Member L. Turner: "And we don't disagree and that's one of the options that we're looking for in our retiree policy but regardless of that, if you look at the focus on GASB that \$175 liability would be there if they already retired or would have medical whether we rehire. So I agree that's an issue and that's one of the issues we will talk about at our budget meetings because that's something eventually I would present to you but with the GASB we still have to think about those who have already retired, those like us who are currently working now, do you get them a benefit or not? What is the cutoff date if we decide...you know, we say we

don't want to give a benefit at all we still would need to have a cutoff date. And if we have a cutoff date, you cut it off also for those people who have already been receiving the benefit. The 57 full time people who's receiving a full benefit from us and the 27 part time or there's 3 who are receiving part time .....(inaudible)"

Chairman P. Farley: "Can we set up a structured...can we set up a structured...I don't know how I'm trying to say this...."

Committee Member L. Turner: "A structured..."

Committee Member A. Pinson: "A tiered program?"

Chairman P. Farley: "A tiered program to where as if you have..."

Committee Member J. Hinson: "You can extend your years of service."

Chairman P. Farley: "15 years of service then you would get the \$175, from 10-15 years it'd be reduced?"

Committee Member J. Hinson: "You wouldn't even have to offer. You could say you'd have to have the 15 years of service from x-date forward."

Chairman P. Farley: "From June 1 forward all those with 15 years because somebody with 10 years or 12 years they're looking at another 12-15 years."

Committee Member L. Turner: "That was one of the reasons why we looked at and kind of suggested the group and I'll show this to you Mr. Fish real quickly because you weren't in here to look at this. But kind of reading the tiered where it gets to be where the new people aren't getting anything. Most people already on it has full benefit and then all the way in between. So that is a tiered structure. It may not be the one we want to accept but it's one, you know, that is one option; along with any combination of options that we wanna put out there. I was in a meeting the other day and Dorchester County they require individuals to be able to... they have to be in their system for 20 years and also with this retiree prep with no break in service. But they pay 100% but that means that their employees are probably going to be committed to them for most of their career life. Charleston County they offered a 100% a couple of years ago but now they pay 50% toward their retiree amount so its...."

Committee Member D. Fish: "How many people do we hire over the age of fifty?"

Committee Member L. Turner: "I don't...that's a stat I didn't bring with me..."

Committee Member D. Fish: "...people who are 50-55 there's no way they would ever be eligible for it."

Committee Member L. Turner: "That's correct."

Committee Member D. Fish: "Is that ok? I'm not saying it is or it isn't, I don't know. It's just a question. Some companies use a combination of age and service. If your...you can retire at age 65 with 5 years of service or something, 50 with 10 years of service or a combination."

Committee Member J. Hinson: "Back in 08 we had a 132, 50-54 year old people."

Committee Member D. Fish: "Yeah."

Committee Member J. Hinson: "As of the date of the report."

Chairman P. Farley: "How about if we put in after June 1, that we would no longer....that we will eliminate paying for retiree insurance for new hires."

Committee Member D. Mitchum: "You could do that. You do need to have input."

(Inaudible)

Committee Member J. Hinson: "Definitely be one way to limit some liability."

Chairman P. Farley: "Cause it won't eliminate tomorrow but it will eliminate down the road."

Committee Member J. Hinson: "Part of this problem is down the road."

Chairman P. Farley: "Well that's what I'm saying, but this...Charleston County I think they're paying as they go. Are we more or less....we're paying as we go right now. We don't have the money in an account."

Committee Member D. Fish: "How can we...the liability is for future retirees I guess basically."

Committee Member L. Turner: "Well right now its future retirees and those who are also eligible. We close the gap for those half retirees even though we haven't officially...Remember when we sent out the letters a few years ago and we asked all the different retirees to respond if they had an interest? All those are tentatively still liabilities in our books because we haven't done an official ordinance or resolution or anything to put that into effect. But if we close that gap and close the gap on the new retirees that is going to start helping our liabilities creep down quite a bit. I'm not so sure what that number is, would have to have the finance people to look at that but it would make a significant difference."

Chairman P. Farley: "At 65, correct?"

Committee Member A. Pinson: "Age 65."

Chairman P. Farley: "Is it age 65? At age 65 they come off anyway. Correct?"

Committee Member A. Pinson: "No. We have that written but we never have..."

Committee Member L. Turner: "Formalized it."

Committee Member A. Pinson: "Formalized it."

Committee Member J. Hinson: "And we have 62 employees that were 65 plus in 08. That we're still having this liability for them for the \$175 a month."

Chairman P. Farley: "Does our County have a supplemental policy to supplement their Medicare?"

Committee Member J. Hinson: "They can't."

Committee Member L. Turner: "The State does, the County does not. The State does all four plans and they could...we could say that after age 65, and you can correct me if I'm wrong Denise, but after 65 then they are no longer on a plan because they are on Medicare as eligible."

Committee Member D. Mitchum: "Well with the State, that's what we currently have, they actually can stay on the plan but the State insurance would become their secondary or their supplement; the way they have it written."

Committee Member D. Fish: "But the language is still the same though right?"

Committee Member D. Mitchum: "They are actually; let's see if I have it in here, they're actually a little higher in some cases. I think it depends on whether or not they have a spouse or children or whatever added into their group let me see. They have five different categories one is the retiree is eligible for Medicare and the spouse is eligible. The second one is the retiree is eligible for Medicare the spouse is not eligible for Medicare. The third one is the retiree is not eligible for Medicare but the spouse is eligible for Medicare. The forth one is neither one is eligible for Medicare and the last one is retiree is not eligible for Medicare, spouse not eligible for Medicare but one or more I guess handicapped dependent children are eligible for Medicare. So they have rates for all these different groups if they choose to stay in our plan. So that's when we would....they would tell us pretty much the rates of what we'll have to pay or what the retirees would have to pay and then if we supplement if they continue to stay on the plan after they get the Medicare."

Committee Member D. Fish: "This is ridiculous."

Committee Member D. Mitchum: "This is one of about four charts like this. We have one like this for Cobras and one like this for active employees."

Committee Member D. Fish: "I can see why people don't ever retire."



Committee Member J. Hinson: "Looking at the rates?"

Committee Member D. Fish: "Yeah."

Committee Member D. Mitchum: "Cobra is even higher than this."

Committee Member D. Fish: "What's interesting my wife's on Medicare and with her bills she gets paid better than I do and they're cheaper. I wanna go off and go on Medicare."

Committee Member L. Turner: "And if we have our own policy that's something that we could do and the reason is because the States says you can do anything that's competing and when we were looking two years ago probably trying to do a supplemental plan if you recall but that's the reason why we could not do that...."

(Inaudible)

(Flip Tape to Side 2)

Chairman P. Farley: "We need to make a decision on....With the Budget coming up, do we need to make a decision on how much money we need to put into an account for GASB?"

Committee Member L. Turner: "I think the two things we need to do or at least with this Committee, I don't think we're in charge with how much money to put in, that's County Council fight. I think what we're charged with, because I'm trying to get a formalized retiree plan is determining how much we want to fund and what are going to be the cut-off dates and then I can formally present; That's why I haven't formally presented a full plan to you because we would need to have that. Get it together on HR's side and then present it."

Chairman P. Farley: "Well I think one of the things is like I said we need to put in there that after hired July 1, 2011 hires will no longer be covered with the post employment benefit. Because I'm talking about people in the future that they don't know us right now and we're not going to affect them. They don't know that they are coming to work for the County after July 1<sup>st</sup>. This pertains to everybody so there's no favoritisms or demeanors or anything like that to these people."

Committee Member J. Hinson: "The only thing in the budget currently is the \$175 a month for the number that we have on the plan and it's about \$168,000 that's put in there for right now."

Chairman P. Farley: "That is put in there right now. Ok."

Committee Member D. Fish: "We're basically pay as you go right now anyways."

Committee Member J. Hinson: "Yes."

Committee Member D. Fish: "So where are they getting this liability at? How are they calculating that?"

Committee Member J. Hinson: "It's based on your 900 so to speak current employees and their future benefits if they so retire."

Committee Member D. Fish: "I'm not convinced that that's a good number."

Chairman P. Farley: "We'll see, I'm not either."

Committee Member D. Fish: "Especially when you could have an average of going back ten years or whatever it is to get a feel for how many people who actually retire here. Percentage wise I don't think it would be anymore than any other major corporation."

Chairman P. Farley: "Well the other thing, this is only been...this is the third year that's it been put into effect and we're paying at \$11,700 a month so if you do that for two years you're only up to \$140,000-\$150,000 thousand dollars. Is that correct?"

Committee Member J. Hinson: "But that's per year. \$168 per year...\$150 whatever."

Chairman P. Farley: "\$150? Ok. But that's \$150- \$160 per year is a long way from \$3.1 mil."

Committee Member J. Hinson: "Well it's based on pay as you go like we said."

Chairman P. Farley: "That's exactly right."

Committee Member L. Turner: "And one of the things I wanted to add in that Jennifer didn't say is also based on individuals when they did this who could come on our plan and that would have been all the employees who have separated who would had an interest and who would have had a right, at the time they retired, if they had given umpteen years of consecutive service to say I want to participate in your health plan."

Chairman P. Farley: "Well the way Denise was saying that people that had been out of the plan for five years that they could come back and join us again."

Committee Member D. Mitchum: "Well they could come if we're with the State when the State plan is set up they could come back on the plan but we wouldn't have to fund them the \$175."

Chairman P. Farley: "Ok."

Committee Member D. Mitchum: "But then the other side of that I think if you're gonna have exposure to increased rates the more people we have on the plan the older the population

gets the higher our rates would be. You wouldn't have the \$175 dollars that you're putting in the account but you're still going to have some exposure liability there."

Committee Member J. Hinson: "And the pay as you go scenario could continue but then you face the risk of your bonding agencies, your credit rating, all of those numbers being affected because here you got this huge liability and you're not making plans to do anything about it."

Chairman P. Farley: "Well neither has..."

Committee Member J. Hinson: "And they're going to look at your numbers and..."

Chairman P. Farley: "Well neither has any of the other counties."

Committee Member J. Hinson: "Right no one's done it yet."

Chairman P. Farley: "I sent Kace an email that in Pennsylvania that they had a \$127 million dollar liability against Pittsburg."

Committee Member J. Hinson: "I can't imagine what Charleston County is. I know I've heard the numbers but it's up there."

Committee Member D. Mitchum: "I bet places like New York City got some..."

Committee Member J. Hinson: "Right."

Committee Member D. Mitchum: "I wonder what they are going to do."

(Inaudible)

Committee Member D. Mitchum: "Now I did work at CPW before coming here and we actually did do our GASB plan before I left and they tied a lot of their stuff in with the State retirement system because they're in the State retirement system. So they said that you had to have so many years in State retirement and so many years of service here with CPW before you were eligible and they did a cut off as well. They said if you were hired on or after this date that you will not receive and don't expect to receive any type of retire interest."

Chairman P. Farley: "See that's what I was talking about a minute ago you know we could make it 12 years we could make it whatever and this is one of the ways we can drop that 3.1 down to whatever."

Committee Member J. Hinson: "Well I think your past is the past, I think, but the future what will be accrued or start accruing from here on could be reduced. But you can, the Council can set those parameters that's entirely up to ya'll,"

Chairman P. Farley: "Well if ya'll want to come up with some recommendations and get them to us then we'll try to put them in some kind of form."

Committee Member L. Turner: "But now, so when we look at the recommendations you want to make sure that new employees after 2011 that they're no longer eligible?"

Chairman P. Farley: "That's correct."

Committee Member L. Turner: "And so we would not even worry about years...current employees and years of service. Do you want that to stay or do you want to see that in a different number; because right now you have to have 10 years of consecutive service with Berkeley County."

Chairman P. Farley: "Right now 10 years?"

Committee Member L. Turner: "That's correct."

Committee Member J. Hinson: "But you should also....Do you think you'd have to set a hiring...do you think you'd have to set a date, I mean are you going to start that immediately?"

Committee Member D. Fish: "Yeah....(Inaudible)"

Committee Member J. Hinson: "Because here you've got somebody that's been here nine years consecutive they could....you know next year think about retiring and here you're gonna add five more years."

Committee Member D. Fish: "July 1<sup>st</sup> date? And if you rehire employees they shouldn't be available for any benefits."

Chairman P. Farley: "We could grandfather anybody in after six years once you have to be vested or six years..."

Committee Member J. Hinson: "Five years is vested."

Chairman P. Farley: "Five years will be vested in the State Retirement System. We could grandfather anybody 5 years to 10 ok?"

Committee Member D. Fish: "And 65 no benefits and your social security eligible."

(Several talking at once)

Committee Member L. Turner: "Which is what.... and those are just my draft notes but that was why we were looking at some of the drafts. So what I have so far...."

Committee Member D. Fish: "I'd probably suggest that you get a little more tight-noosed, think that's the (inaudible) word most the Council is because I think the times, (inaudible)....that could always be changed later but it's time to tighten up on that."

Committee Member D. Mitchum: "I would also encourage you to at least put something in the verbiage about years of service in the retirement system and the reason being is let's say at the beginning of my career I come to work here at Berkeley County and I do 15 years here. Which the way...if we set the policy up this way I'm eligible for a retiree benefit when I retire from wherever I'm going if I don't stay here. It should have something to do with people actually in a position where they are going to retire not they are gonna get their insurance covered over here and then move on to four other jobs. Does that make sense?"

Committee Member D. Fish: "Oh yeah. I'll agree with that."

Committee Member J. Hinson: "What is it now? Is it 20?"

Chairman P. Farley: "If you can draw that up in an example. Something we can present it..."

Committee Member J. Hinson: "What does State require; is it 20?"

Committee Member D. Mitchum: "The State for police officer retirement is 25 and regular SCRS is 28. They are looking, if you're looking at some of the things the Governor is looking to increase that, from 28 to 30 and from 25 I think back to 28 and they are also looking at doing away with retiree insurance benefits that's something else that's on the table and also doing a retire reduced benefit for full retirement. So those are the things that are on the table at State level."

Committee Member L. Turner: "And because they require right now either the 25 or the 28 I think if we said 20 years of service then that would be reasonable."

Committee Member J. Hinson: "....State retirement yeah."

Committee Member L. Turner: "Right the five because basically anybody hired after 2011 would not be eligible, rehires would not be eligible, will grandfather people who have at least 5 years and you said up to 10 but at that point they're already eligible but anyway so anybody who has 5 years basically...."

Chairman P. Farley: "Well 5 years would get you passed to the 10."

Committee Member L. Turner: "Right 5 years."

Chairman P. Farley: "You follow me? Right now it's 10 years if you have 10 years continuous service. But anybody with 5 or more years would be grandfathered to get that 10. We

wouldn't cut them off at 9 years or 8 years or anything like that. If they stay with the County until after 10 years they would be eligible for that."

Committee Member L. Turner: "Right, you said 5 to 10 and that's what I'm just saying it's 5 plus really so once they have the 5 plus years they'd be eligible, if they had 20 years of service in the SCRS report system. And then if they're Medicare eligible whether it's through disability or otherwise then they would no longer be eligible for the benefits."

Chairman P. Farley: "Ok."

Committee Member J. Hinson: "Now are we increasing the years of service to 15 or no you took that out?"

Committee Member D. Mitchum: "Or do you want us to come up with some options?"

Committee Member D. Fish: "I think we could give a couple of options."

Committee Member J. Hinson: "Ok."

Committee Member D. Fish: "Makes people feel better when they've got a choice."

Committee Member D. Mitchum: "Oh absolutely."

(Several talking at once)

Committee Member D. Fish: "I'm ok with that. Some people want A or B. I don't want to make it real hard no I would be more inclined to take the hard-line approach."

Chairman P. Farley: "And I think..."

Committee Member D. Fish: "I think it mirrors industry, even major industries cut way back on the benefit, defined benefit plans, the whole thing that structure has totally changed everywhere."

Chairman P. Farley: "And I think that the rest of Council needs to be in this also taking the bite on it."

Committee Member L. Turner: "That's why we want to present..."

Committee Member D. Fish: "Present it to Council..."

Committee Member L. Turner: "Here's A here's B"

(Several talking at once)

Committee Member L. Turner: "We'll get it presented to you with a full retiree policy and as I've said I started working on top and it's gonna be less and this portion is what effects the other portion of that and so Council will have it as a whole addressing some of those issues."

Committee Member D. Fish: "Those three or four main key issues."

Chairman P. Farley: "Alright and we will call another meeting whenever we can get this kind of in a package design so that we can present it to Council and we may have to have a workshop meeting with all of Council there. Everybody here plus Council and you know, let the public sit out and whatever. We advertised this meeting because we didn't want anybody to say well ya'll had a meeting and didn't let anybody know but if that's all for this evening then I'll call for an adjournment."

Committee Member D. Fish: "So move."

## **ADJOURNMENT**

**Meeting Adjourned at 6:05 p.m.**

July 25, 2011  
Date Approved